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FILED  
08 APR 22 PM 2:15  
RICHARD W. WILKING  
CLERK U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

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6  
7 IN THE UNITED STATES DISTRICT COURT  
8 FOR THE NORTHERN DISTRICT OF CALIFORNIA

SLM

CV 08

2092

9  
10 UNITED STATES OF AMERICA,

Case No.

11 Plaintiff,

12 v.

COMPLAINT

(Student Loan\Debt Collection Case)

13 MICHELE R. SCHAUER,

14 Defendant(s).  
15

Plaintiff, through its attorney, alleges:

16 1. Jurisdiction: The Court has jurisdiction of this action under 28 U.S.C. Section  
17 1345.

18 2. Defendant resides in the Northern District of California.

19 3. Defendant owes plaintiff \$15,703.83, plus additional interest according to the  
20 Certificate of Indebtedness, a copy of which is annexed hereto as Exhibit A.

21 WHEREFORE, plaintiff demands judgment against defendant for the sum of  
22 \$15,703.83, additional interest to the date of judgment, attorney's fees in the amount of  
23 33.33% of the debt, and court costs.

24  
25 Date: April 18, 2008

  
26 LAW OFFICE OF MICHAEL COSENTINO  
By: MICHAEL COSENTINO  
27 Attorney for the Plaintiff  
United States of America  
28



DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Program Support Center

Rockville MD 20857

CERTIFICATE OF INDEBTEDNESS

Michele R. Schauer, DC  
c/o Atlas Chiropractic  
2305 Van Ness Blvd, Ste B  
San Francisco, CA 94109  
Ref: 50160601

Total debt due to the United States of America as of May 18, 2007: \$16,007.96 (principal \$15,703.83, interest \$304.13, administrative costs \$0.00).

I certify that the Department of Health and Human Services records show that the debtor named above is indebted to the United States in the amount stated above, plus additional interest on the principal balance of \$15,703.83 from May 18, 2007, at the rate of 8.125%. Interest accrues on the principal amount of this debt at the rate of \$3.50 per day. Interest is computed at a variable rate and is adjusted quarterly. Due to the semi-annual compounding of interest, the current principal amount is greater than the original amount borrowed.

The claim arose in connection with a Government-insured Health Education Assistance Loan (HEAL) made by a private lender and assigned to the United States.

As a student at the Palmer College of Chiropractic West, you applied for and were granted the following Health Education Assistance Loans (HEAL), Section 701-720 of the Public Health Service Act (42 U.S.C. 292 f-p).

<u>Date of Promissory Note</u>	<u>Amount of Promissory Note</u>	<u>Amount Disbursed</u>
05/07/90	\$5,000.00	\$5,000.00
10/05/90	\$6,853.00	\$6,853.00

You signed a promissory notes agreeing to repay the loans at a variable rate of interest beginning the first day of the tenth month after ceasing to be a full-time student or completing a residency program. The Student Loan Marketing Association (SLMA) purchased your notes and received an assignment.

Upon your leaving the Palmer College of Chiropractic West, you were granted forbearance agreements during the period of April 6, 1993, to April 19, 2004, with payments to begin May 19, 2004. Between July 25, 1994, and February 19, 2004, you made eighty one (81) payments totaling \$13,145.23.

On September 16, 2004, the SLMA sent you a final demand letter to remit payment in full or your account would be filed as a default claim. You did not make any payments, nor did you respond.

Due to your failure to continue making payments, the SLMA filed an insurance claim with the Department of Health and Human Services (HHS). The claim in the amount of \$14,002.00 was paid on March 2, 2005, and an assignment of the notes was received.

**EXHIBIT A**

**PAGE 2 - CERTIFICATE OF INDEBTEDNESS - MICHELE R. SCHAUER, DC**

By letter dated March 11, 2005, you were notified that the previous holder of your HEAL placed you in default and assigned your notes to the United States Government. You were informed that your student loans were consolidated using the lowest interest rate allowable by law. Enclosed were instructions for entering into a repayment agreement (RA) with notice that it must be completed and returned within thirty (30) days. You did not respond.

By letter dated April 29, 2005, you were notified that your account had been referred to OSI Collection Services for collection. You were advised that your account would be referred to the U.S. Department of Justice (DOJ) if you failed to either remit payment in full or enter into an RA. You did not comply.

In a letter dated June 24, 2005, you were notified of the HHS' intent to refer your HEAL debt to other Federal agencies for the purpose of administrative offset under the Debt Collection Improvement Act of 1996. You were advised that a written response, an RA, or payment in full received within sixty (60) days from the date of the letter would terminate administrative offset action. You did not comply.

On November 9, 2005, you were notified that you had sixty (60) days in which to resolve your delinquent debt. You were advised that if you were unwilling to establish an RA, your case would be immediately referred to the Office of the Inspector General (OIG) for exclusion from participation in the Medicare/Medicaid Programs. The letter also informed you that in the event you did not enter into an RA, your debt would be referred to the DOJ for enforced collection. You did not comply.

In a letter dated May 4, 2007, you were sent instructions for entering into an RA with notice that it must be completed and returned within thirty (30) days. You were informed that failure to respond would result in your debt being referred to the DOJ. You did not respond.

The following provides a breakdown of payments applied to your account:


81 Payments to Lender	07/25/94 to 02/19/04	\$13,145.23
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Repeated attempts by HHS have been unsuccessful in establishing an acceptable repayment schedule for your debt. Because of your lack of cooperation the federal government is exercising its option and declaring your note due and payable. Accordingly, your debt has now been referred to the DOJ for enforced collection.

The amount due should be remitted by check, draft or money order(s) payable to the "U.S. Department of Justice" and mailed directly to the United States Attorney, Northern District of California, 450 Golden Gate Ave, 10th Fl, San Francisco, CA 94102.

**CERTIFICATION:** Pursuant to 28 U.S.C. 1746, I certify under penalty of perjury that the foregoing is true and correct.

JUN 7 2007  
Date

  
\_\_\_\_\_  
Barry M. Blum  
Chief, Referral Control Section  
Debt Management Branch

**EXHIBIT A**